

## Message Text

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ORIGIN ORM-03

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DRAFTED BY S/R:ORM:HBSHISHKIN:CML

APPROVED BY S/R - LAWIESNER

ARA/LA - MR. KLEINE (DRAFT)

ARA - MR. SZABO (INFO)

S/R:ORM - MR. PAPPAS

S/R:ORM - MR. CHASTKA

S/R:ORM - MR. DAWSON

S/R - MR KELLOGG (DRAFT)

----- 100765

R 17,208Z APR 74

FM SECSTATE WASHDC

TO USMISSION GENEVA

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E.O. 11652: N/A

TAGS:SREF

SUBJECT: ICEM

FOR RMRC

PLEASE PASS FOLLOWING MESSAGE TO JOHN THOMAS, ICEM DIRECTOR  
FROM FRANK KELLOGG:

1. I HAVE YOUR TELEGRAM OF APRIL 4 CONCERNING OUR PLEDGED  
CONTRIBUTION OF 938,855 DOLS. TO THE LATIN AMERICAN PRO-  
GRAM, RATHER THAN A U.S. CONTRIBUTION OF 1,158,620 DOLS.  
OF THE TOTAL 2,093,825 DOLS. IN GOVERNMENT LUMP SUM AND  
PER CAPITA CONTRIBUTIONS TO THE LATIN AMERICAN PROGRAM  
WHICH ICEM HAD ANTICIPATED IN ITS 1974 BUDGET.

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2. I FULLY APPRECIATE AND OF COURSE I REGRET THE DIFFICULTIES WHICH WILL INEVITABLY ENSUE DURING ADJUSTMENT TO A 938,855 DOL. LEVEL IN THE U.S. CONTRIBUTION TO SECTION III. I AM CONFIDENT THESE WILL BE TEMPORARY IN NATURE.

3. AS YOU WILL RECALL, WE HAVE REPEATEDLY EXPRESSED OUR CONCERN AT THE HIGH PERCENTAGE OF U.S. FUNDING FOR SECTION III. IN 1973, THE U.S. CONTRIBUTION STOOD AT 54 PERCENT, WITH LATIN AMERICAN MEMBER CONTRIBUTIONS AT A LEVEL OF ONLY 8 PERCENT. WE HAVE OFTEN WARNED OF THE DIFFICULTY WE WERE HAVING JUSTIFYING SUCH A HIGH U.S. CONTRIBUTION IN THE FACE

OF THE RAPIDLY GROWING ECONOMIES OF ICEM'S LATIN AMERICAN MEMBERS SINCE THE PROGRAM WAS INITIATED IN 1966. AT THE RECENT HEARINGS OF THE SENATE SUBCOMMITTEE ON APPROPRIATIONS WE WERE INDEED CALLED TO TASK BY THE CHAIRMAN ON PRECISELY THIS POINT. IN RESPONSE WE COULD NO LONGER DEFER INITIATING OUR REDUCTION.

4. I PERSONALLY BELIEVE IT WOULD BE SHORT-SIGHTED NOT TO RECOGNIZE THE NECESSITY FOR THIS U.S. CUT IN SECTION III, AND FALLACIOUS TO ARGUE THAT THE LATIN AMERICAN GOVERNMENTS, GIVEN THEIR INTEREST IN, AND BENEFIT FROM, THE PROGRAM, ARE UNABLE TO SUPPORT THE PROGRAM TO A FAR LARGER DEGREE THAN THEY HAVE IN THE PAST. THEIR ACHIEVEMENTS, PARTICULARLY IN THE ECONOMIC FIELD, HAVE BEEN REMARKABLE, AND I HAVE NO DOUBT THAT THE 16 LATIN AMERICAN MEMBER NATIONS, WHICH NOW INCLUDE VENEZUELA, A MAJOR BENEFICIARY OF THE PROGRAM, WILL BE ABLE TO ABSORB AS MAY BE NECESSARY THE RELATIVELY MODEST SUM OF 200,000 DOLS. IN QUESTION.

5. WITH REGARD TO THE OTHER POINTS YOU RAISE IN YOUR TELEGRAM, I SHALL BE GLAD TO DISCUSS THESE WITH YOU WHEN YOU ARE IN WASHINGTON, AND LOOK FORWARD TO THE OPPORTUNITY. IN THE MEANTIME, WITH WARM REGARDS, SINCERELY, FRANK. KISSINGER

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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